

## **EXHIBIT B**



DON SIEGELMAN  
GOVERNOR

STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
201 MONROE STREET, SUITE 1700  
POST OFFICE BOX 303351  
MONTGOMERY, ALABAMA 36130-3351  
TELEPHONE: (334) 269-3550  
FACSIMILE: (334) 241-4192  
INTERNET: [www.aldoi.org](http://www.aldoi.org)

D. DAVID PARSONS  
COMMISSIONER  
DEPUTY COMMISSIONER  
JAMES R. (JOHNNY) JOHNSON  
CHIEF EXAMINER  
RICHARD L. FORD  
STATE FIRE MARSHAL  
JOHN S. ROBISON  
GENERAL COUNSEL  
MICHAEL A. BOWNES  
LICENSING MANAGER  
JIMMY W. GUNN

June 20, 2001

Mr. Kristofer R. Schleicher  
Wagner, Johnston & Rosenthal, P.C.  
Suite 1200/Tower Place  
3340 Peachtree Road, N.E.  
Atlanta, Georgia 30326-1075

RE: AOM, Inc.

Dear Mr. Schleicher:

Your March 16, 2001 letter for your client, AOM, Inc. (AOM Plan) and its prepaid purchase of primary healthcare services, management of cash flow and payment between patients and providers has been forwarded to me for review. You have requested an answer from the Alabama Insurance Department (Department) on the issue whether this AOM Plan is subject to regulation by the Department of Insurance under Alabama law.

Section 27-1-2(1) Code of Alabama, 1975, defines insurance as follows:

A contract whereby one undertakes to indemnify another or pay or provide a specified amount or benefit upon determinable contingencies.

One of the attachments in your packet of documents was a letter dated October 12, 2000 from an Assistant Attorney General in the State of Georgia to the Georgia Insurance Department. It states part:

... AOM proposes to market a contract for limited pre-paid medical services, consisting of a maximum of eight visits per year to a specified internal care physician under contract to AOM. These services are generally limited to "the scope of medical care and health care services and procedures customarily provided by primary care physicians, internists, family practice physicians and pediatricians", which I assume to exclude in-patient and hospital services. The patient also receives a 35% discount on the physician for all services not included in the AOM plan. The patient pays \$35 a month to AOM and a one-time \$15 enrollment fee to AOM. Upon each visit to the doctor, the patient pays an "administrative fee" or co-payment to the physician of \$10, \$15 or \$20, depending on the length of the visit.

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The physician also receives a flat fee of \$21 a month from AOM for each patient assigned to the physician.... Since AOM's income and its payments to the physician are fixed, AOM does not bear any risk under its plan. It is the physician who bears the risk that a given patient will make full use of the allotted eight visits....

Based upon the documentation you submitted, the presentation you and your representatives gave to the Department representatives during the meeting on February 27, 2001, it appears the AOM Plan does not contain the elements of the definition of insurance. Therefore, the AOM Plan will not be considered an "insurance" product under Alabama law.

Additionally, the AOM Plan does not fall within the definition of a health maintenance organization (HMO), Section 27-21A-1(7) Code of Alabama, 1975, which states:

Any person that undertakes to provide or arrange for basic health care services through an organized system which combines the delivery and financing of health care to enrollees.... The health organization may provide, or arrange for, health care services on a prepayment or other financial basis.

Thus, based on the foregoing, it is my opinion the AOM Plan is not subject to regulation by the Alabama Department of Insurance.

I trust this answers your inquiry. If I can be of further assistance, please contact me.

Very truly yours,



D. David Parsons  
Commissioner of Insurance

DDP/EB/ds